Global Steel Trade Monitor

INTERNATIONAL TRADE ADMINISTRATION

Steel Imports Report: **United States**

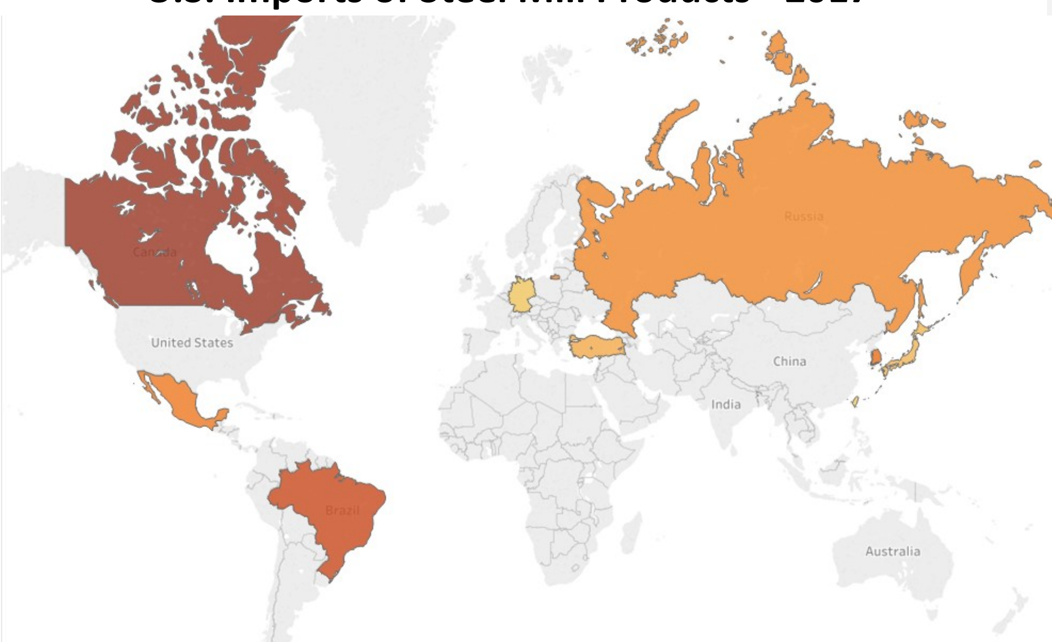
June 2018

Background

The United States is the world's largest steel importer. In year-to-date 2018 (through March), further referred to at YTD 2018, the U.S. imported 7.9 million metric tons of steel, a decrease from 8.1 million metric tons in YTD 2017. U.S. imports in 2017 represented about 9 percent of all steel imported globally, based on available data. The volume of U.S. steel imports in 2017 was more than 25 percent larger than that of the world's second-largest importer, Germany. In value terms, steel represented just 1.2 percent of the total goods imported into the United States in 2017.

The United States imported steel from 85 countries and territories in 2017. The 9 countries highlighted in the map below represent the top sources for U.S. imports of steel, with the U.S. receiving more than 1 million metric tons from each and together accounting for 75 percent of U.S. steel imports in 2017.

U.S. Imports of Steel Mill Products - 2017



Quick Facts:

- World's largest steel importer: 7.9 million metric tons (YTD 2018)
- 176% steel import growth since Q2 2009
- YTD import volume down 3% while import value up 17%
- Import penetration down from 31.3% in YTD 2017 to 30.0% in YTD 2018
- Top three import sources: Canada, Brazil, South Korea
- Largest producers: Nucor, ArcelorMittal USA, U.S. Steel
- 167 trade remedies in effect against imports of steel mill products

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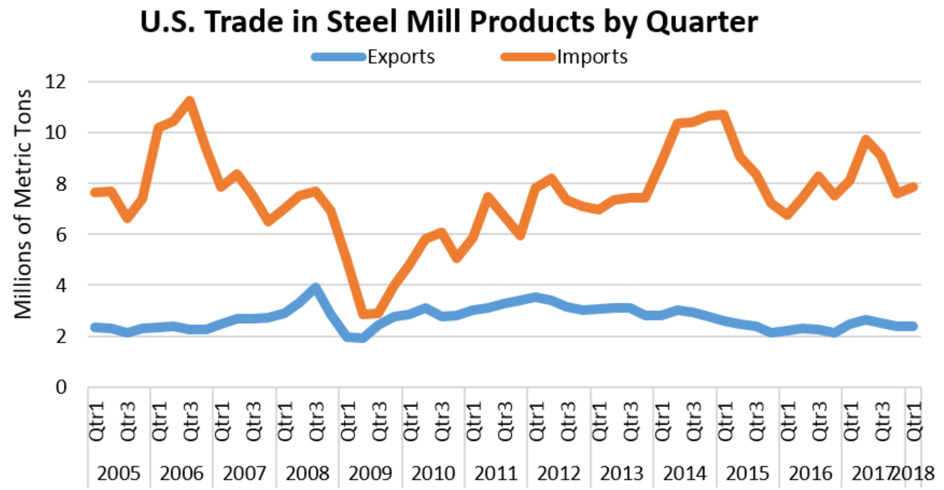
Steel Trade Balance

The United States has maintained a persistent trade deficit in steel products for over a decade. Since 2009, imports have returned to average levels seen prior to the 2008 global recession while exports have remained relatively flat in comparison, and the trade deficit has widened accordingly. Since their most recent low point, imports have grown by 176 percent between Q2 2009 and Q1 2018, while exports have increased by 26 percent. In YTD 2018, the U.S. steel trade deficit amounted to –5.5 million metric tons.

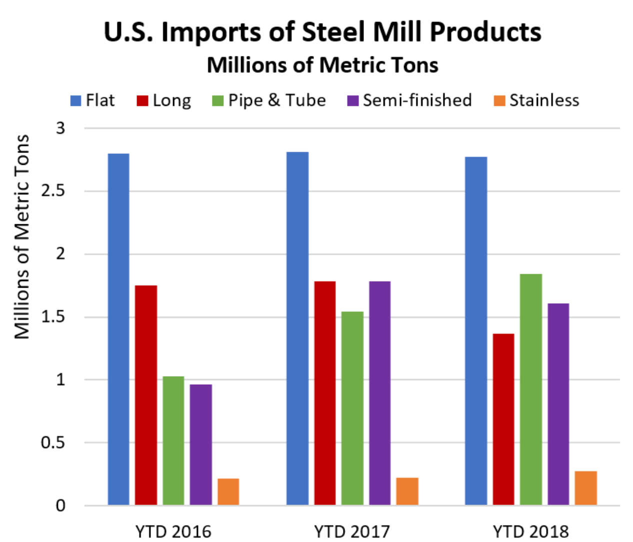


Source: IHS Global Markit

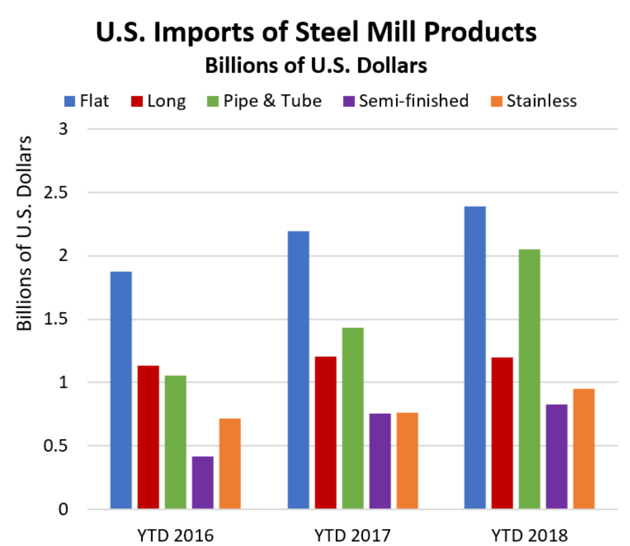
Import Volume, Value, and Product

In 2014, U.S. imports of steel products reached a near-record high of 40.3 million metric tons, only topped by the 41.3 million metric tons imported in 2006. Import levels fell from 2014 by 12 percent in 2015 and by 15 percent in 2016, before rising 15 percent in 2017 to 34.6 million metric tons. In YTD 2018, imports have decreased 3 percent compared to YTD 2017 to a total of 7.9 million metric tons. The value of imports in YTD 2018 has increased — up 17 percent to $7.4 billion from $6.3 billion in YTD 2017.

In YTD 2018, flat products accounted for the largest share of U.S. steel imports at 35 percent, or 2.8 million metric tons. Pipe and tube products accounted for 23 percent, or 1.8 million metric tons, followed by semi-finished products at 20 percent (1.6 million metric tons), long products at 17 percent (1.4 million metric tons), and stainless products at 3 percent (273 thousand metric tons).



Source: IHS Global Markit
YTD through March 2018



Source: IHS Global Markit
YTD through March 2018

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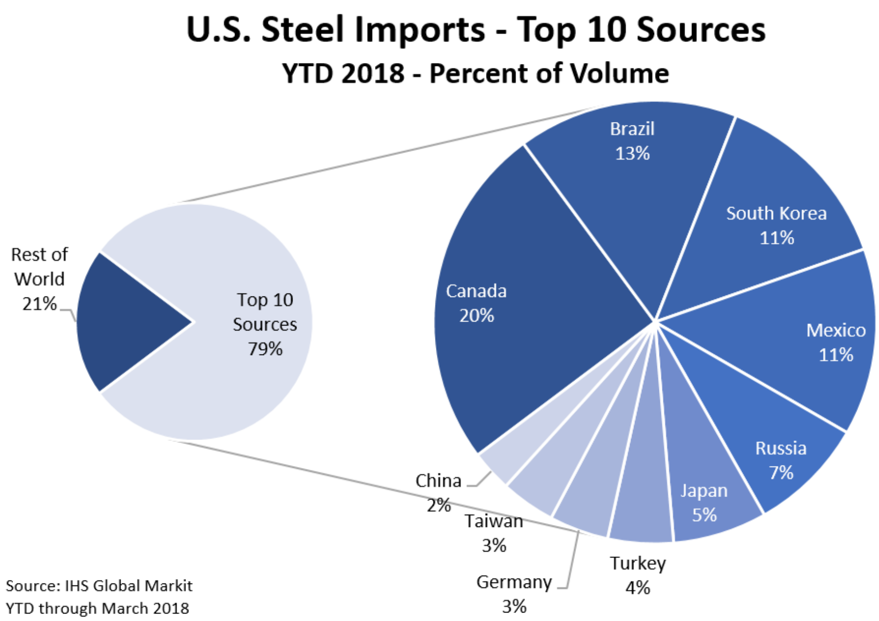
Imports by Top Source

The top 10 source countries for U.S. steel imports represented 79 percent of the total steel import volume in YTD 2018 at 6.3 million metrics tons (mmt). Canada accounted for the largest share of U.S. imports by source country at 20 percent (1.6 mmt), followed by Brazil at 13 percent (1.0 mmt), South Korea at 11 percent (0.9 mmt), Mexico at 11 percent (0.9 mmt), and Russia at 7 percent (0.5 mmt).

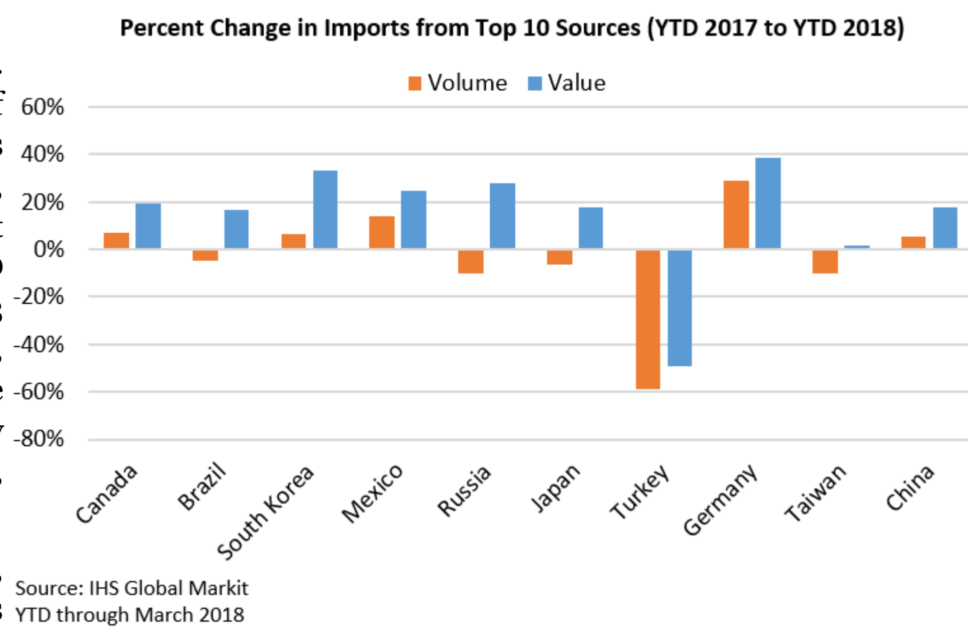


While the rankings of the top 10 source countries for U.S. imports have fluctuated over time, Canada has retained the top spot.

Trends in Imports from Top Sources

Between YTD 2017 and YTD 2018, imports increased from five of the United States' top 10 import source countries. Imports from Germany showed the largest volume increase in YTD 2018, up 29 percent, followed by Mexico (14%), Canada (7%), South Korea (6%), and China (5%). Some of the countries which the United States had decreases in imports from were Turkey (-59%), Russia (-10%), and Taiwan (-10%).

The overall value of U.S. imports increased from nine of the top 10 sources. Imports from Germany, South Korea, and Russia showed the largest increases in value in YTD 2018, up 39 percent, 33 percent, and 28 percent, respectively. Turkey was the only top import source country that had a decrease in value, down 49 percent in YTD 2018.



Outside the top 10 sources, other notable volume changes included U.S. imports from 11th-ranked Vietnam (-32%), 17th-ranked Romania (444%), 26th-ranked Greece (2879%), and 32nd-ranked Indonesia (304%).

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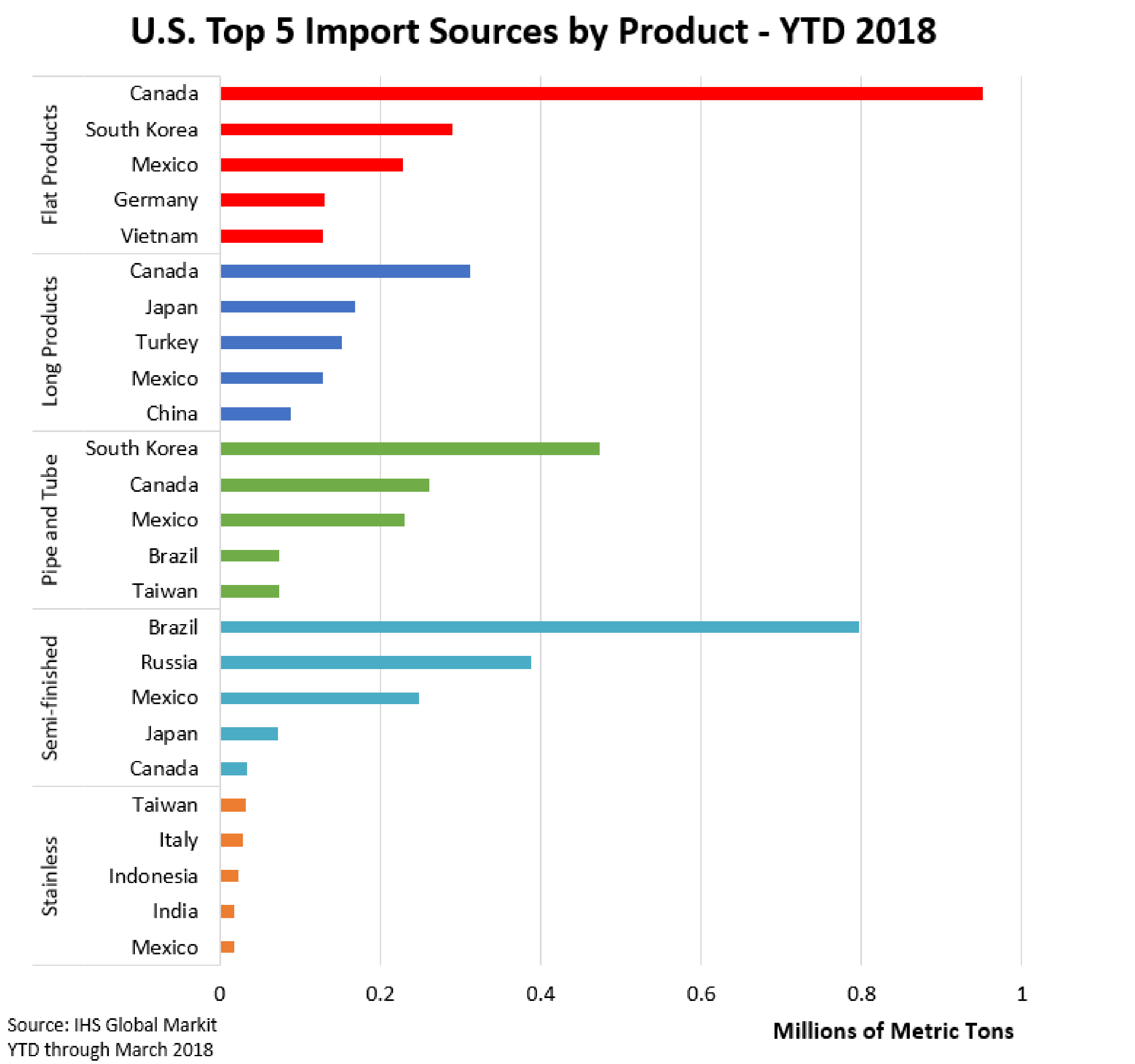
Top Sources by Steel Product Category

The top source countries for U.S. imports by volume vary across types of steel products. The United States. imported the largest share of flat products from Canada in YTD 2018 at 34 percent (950 thousand metric tons). Canada was also the largest source for long product imports at 23 percent (313 thousand metric tons).

The United States imported 26 percent of pipe and tube products from South Korea (474 thousand metric tons). Nearly half of the United States' imports of semi-finished steel came from Brazil in YTD 2018 — a total of 796 thousand metric tons, or 49 percent.

Taiwan was the largest source of imported stainless products at 12 percent (32 thousand metric tons), followed closely by Italy at 11 percent (29 thousand metric tons).



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U.S. Export Market Share from Top Source Countries

In 2017, the share of steel exports sent to the United States from its top import sources decreased in the majority of the U.S. top 10 sources. Mexico's share of exports to the U.S. showed the largest decrease between 2016 and 2017, down 7.9 percentage points. Other notable decreases included Turkey's share of exports to the U.S. (down 4.3 percentage points from 2016), followed by Brazil (down 1.2 percentage points). The share of exports to the U.S. in Japan and South Korea both decreased by less than one percentage point.

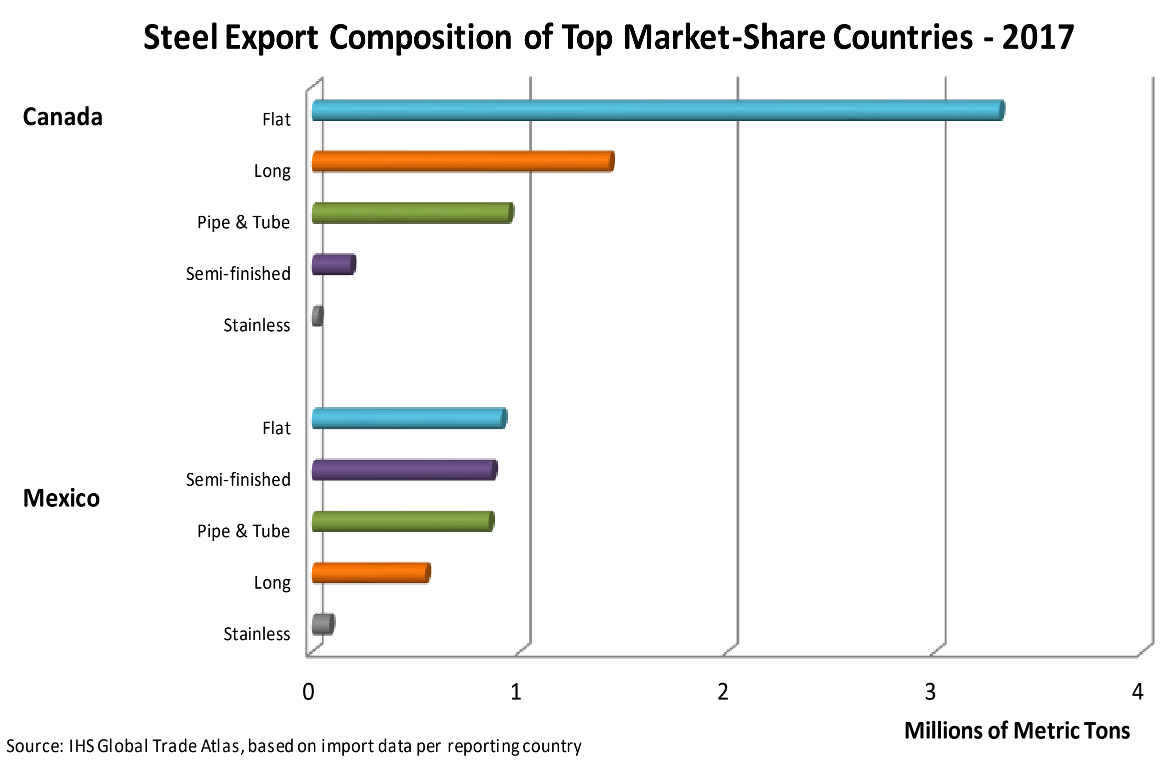
U.S. Steel Export Market Share				
Top 10 Import Sources	Share of Exports to U.S - 2016	U.S.'s Rank in 2016	Share of Exports to U.S. - 2017	U.S. Rank in 2017
Canada	87.7%	1	89.9%	1
Brazil	34.0%	1	32.8%	1
South Korea	12.1%	2	11.2%	3
Mexico	72.9%	1	65.0%	1
Russia	2.3%	11	N/A	0
Turkey	15.0%	1	10.7%	1
Japan	4.9%	7	4.7%	8
Germany	4.0%	9	N/A	0
Taiwan	9.2%	3	9.6%	3
China	0.8%	25	1.1%	26

Source: IHS Global Trade Atlas, based on import data per reporting country

2017 Data not available for Russia and Germany

Countries with increases in their share of steel exports to the U.S. included Canada (up 2.3 percentage points), Taiwan (up 0.4 percentage points), and China (up 0.3 percentage points).

Among the U.S. top import sources, Canada and Mexico sent more than half of their total steel exports to the United States. In 2017, flat products accounted for the largest share of steel exports to the U.S. in both Canada at 56 percent (3.3 million metric tons) and Mexico at 28 percent (913 thousand metric tons).



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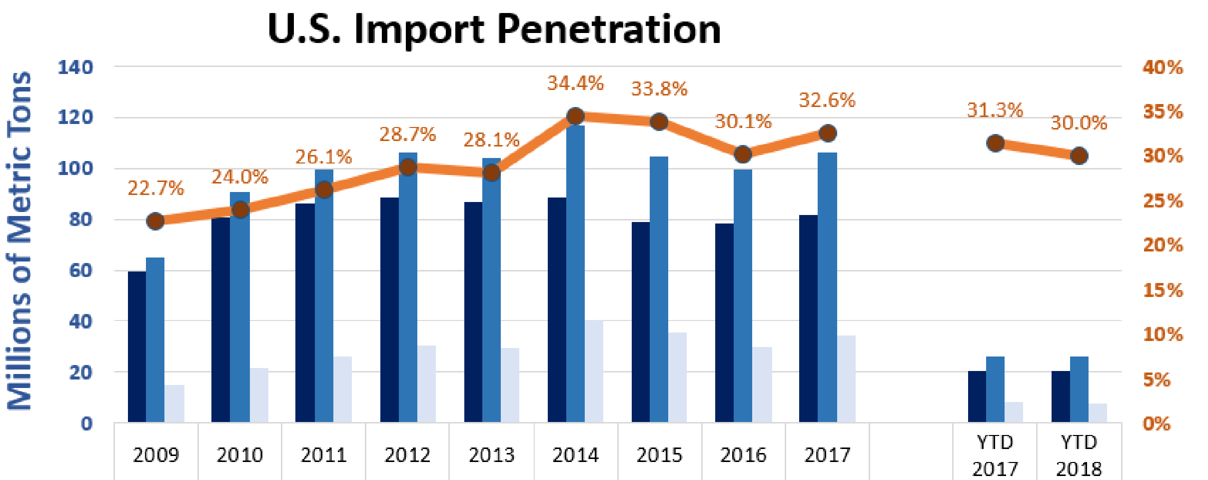
Overall Production and Import Penetration



	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2017	YTD 2018
Production	59.4	80.5	86.4	88.7	86.9	88.2	78.8	78.6	81.6	20.3	20.7
Apparent Consumption	65.1	90.7	99.6	106.0	104.0	117.0	104.6	99.7	106.2	26.0	26.2
Imports	14.8	21.8	26.0	30.5	29.2	40.3	35.4	30.0	34.6	8.1	7.9
Import Penetration	22.7%	24.0%	26.1%	28.7%	28.1%	34.4%	33.8%	30.1%	32.6%	31.3%	30.0%

Sources: World Steel Association; IHS Global Markit
YTD through March 2018

U.S. crude steel production increased 4 percent between 2015 and 2017, from 78.8 million metric tons in 2015 to 81.6 million metric tons in 2017. Production in YTD 2018 has increased 2 percent to 20.7 million metric tons from 20.3 million metric tons in YTD 2017. Since 2009, apparent consumption (a measure of steel demand) has increasingly exceeded production. The gap between demand and production decreased to 5.5 million metric tons in YTD 2018. Imports have captured an increasing share of demand, as shown by the relatively high levels of import penetration in 2015, 2016, and 2017 at 33.8, 30.1, and 32.6 percent, respectively. In YTD 2018, import penetration stood at 30.0 percent, down from 31.3 percent in YTD 2017.

Top Producers

The top seven steel producers in the United States are a mix of foreign and domestically-owned companies and a mix of electric arc furnace mills and blast furnace mills. The top three companies alone accounted for the majority of U.S. crude steel production in 2017 at 66 percent.

United States Top Steel Producers in 2017

Rank	Company	Production (mmt)	Main Products
1	Nucor Corporation	24.39	Bars, beams, sheets, plate
2	ArcelorMittal USA	15	Hot-rolled, cold-rolled, plate, coated products, rails
3	United States Steel Corp.	14.43	Hot-rolled, cold-rolled, coated sheets, tubular products
4	Gerdau North America	12.4 (N. Amer. capacity)	Beams, pilings, billets, rebar, wire rod
5	Steel Dynamics Inc.	8.27	Flat-rolled, structural, bars, rails
6	AK Steel Corporation	5.6	Hot-rolled, cold-rolled, galvanized, stainless, electrical
7	Commercial Metals Co.	3 (capacity)	Rebar, bars, sections, billets

Source: World Steel Association; Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; Company websites

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Trade Remedies in the Steel Sector

Antidumping duties (AD), countervailing duties (CVD), associated suspension agreements, and safeguards are often referred to collectively as trade remedies. These are internationally agreed upon mechanisms to address the market-distorting effects of unfair trade, or serious injury or threat of serious injury caused by a surge in imports. Unlike anti-dumping and countervailing measures, safeguards do not require a finding of an "unfair" practice. Before applying these duties or measures, countries investigate allegations and can remedy or provide relief for the injury caused to a domestic industry. The table below provides statistics on the current number of trade remedies the United States has against imports of steel mill products from various countries. The U.S. has no steel mill safeguards in effect.

U.S. Trade Remedies in Effect Against Steel Mill Imports

Country	AD	CVD	Suspension Agreements and Undertakings	Total
Australia	1			1
Austria	1			1
Belarus	1			1
Belgium	2			2
Brazil	6	3		9
China	16	12		28
France	1			1
Germany	3			3
India	9	6		15
Indonesia	4	2		6
Italy	2	1		3
Japan	14			14
Latvia	1			1
Malaysia	1			1
Mexico	6			6
Moldova	2			2
Netherlands	1			1
Oman	1			1
Pakistan	1			1
Poland	1			1
Romania	1			1
Russia	1		1	2
South Africa	2	1		3
South Korea	14	6		20
Spain	1			1
Sweden	1			1
Taiwan	12	1		13
Thailand	3	1		4
Trinidad &Tobago	1			1
Turkey	8	6		13
Ukraine	2		2	4
United Arab Emirates	1			1
United Kingdom	2			2
Vietnam	2			2
TOTAL	**125**	**39**	**3**	**167**

Source: World Trade Organization, through December 31, 2017

Steel Imports Report: Glossary

Apparent Consumption: Domestic crude steel production plus steel imports minus steel exports. Shipment data are not available for all countries, therefore crude steel production is used as a proxy.

Export Market: Destination of a country's exports.

Flat Products: Produced by rolling semi-finished steel through varying sets of rolls. Includes sheets, strips, and plates. Used most often in the automotive, tubing, appliance, and machinery manufacturing sectors.

Import Penetration: Ratio of imports to apparent consumption.

Import Source: Source of a country's imports.

Long Products: Steel products that fall outside the flat products category. Includes bars, rails, rods, and beams. Used in many sectors but most commonly in construction.

Pipe and Tube Products: Either seamless or welded pipe and tube products. Used in many sectors but most commonly in construction and energy sectors.

Semi-finished Products: The initial, intermediate solid forms of molten steel, to be re-heated and further forged, rolled, shaped, or otherwise worked into finished steel products. Includes blooms, billets, slabs, ingots, and steel for castings.

Stainless Products: Steel products containing at minimum 10.5% chromium (Cr) offering better corrosion resistance than regular steel.

Steel Mill Products: Carbon, alloy, or stainless steel produced by either a basic oxygen furnace or an electric arc furnace. Includes semi-finished steel products and finished steel products. For trade data purposes, steel mill products are defined at the Harmonized System (HS) 6-digit level as: 720610 through 721650, 721699 through 730110, 730210, 730240 through 730290, and 730410 through 730690. The following discontinued HS codes have been included for purposes of reporting historical data (prior to 2007): 722520, 722693, 722694, 722910, 730410, 730421, 730610, 730620, and 730660.

Special Note on U.S. Import Data: Import data for the United States used in this report are general imports, rather than imports for consumption, so as to be consistent across countries. Therefore, U.S. import data in this report may not match similar data used in our other U.S. import data products.

Global Steel Trade Monitor: The monitor provides global import and export trends for the top countries trading in steel products. The current reports expand upon the early release information already provided by the Steel Import Monitoring and Analysis (SIMA) system that collects and publishes data on U.S. imports of steel mill products. Complementing the SIMA data, these reports provide objective and current global steel industry information about the top countries that play an essential role in the global steel trade. Information in these reports includes global exports and import trends, production and consumption data and, where available, information regarding trade remedy actions taken on steel products. The reports will be updated quarterly.

Steel Import Monitoring and Analysis (SIMA) System: The Department of Commerce uses a steel import licensing program to collect and publish aggregate data on near real-time steel mill imports into the United States. SIMA incorporates information collected from steel license applications with publicly released data from the U.S. Census Bureau. By design, this information provides stakeholders with valuable information on the steel trade with the United States. For more information about SIMA, please go to http://enforcement.trade.gov/steel/license/.

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